

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

October 29, 2001

CA-29  
11/8/01

TO: PARTIES OF RECORD IN A.00-10-045, A.01-01-044

This is the draft decision of Administrative Law Judge (ALJ) Wetzell. It will be on the Commission's agenda at the meeting on November 8, 2001. The Commission may act then, or it may postpone action until later.

When the Commission acts on the draft decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the draft decision as provided in Article 19 of the Commission's "Rules of Practice and Procedure." These rules are accessible on the Commission's website at <http://www.cpuc.ca.gov>. Pursuant to Rule 77.7(f)(2), the public review and comment period is reduced. Comments on the draft decision must be filed on or before November 5, 2001 and no reply comments will be accepted. In addition to service by mail, parties should send comments in electronic form to those appearances and the state service list that provided an electronic mail address to the Commission, including ALJ Wetzell at [msw@cpuc.ca.gov](mailto:msw@cpuc.ca.gov). Finally, comments must be served separately on the Assigned Commissioner, and for that purpose I suggest hand delivery, overnight mail, or other expeditious methods of service.

Lynn T. Carew, Chief  
Administrative Law Judge

LTC:tcg

Attachment

Decision **DRAFT DECISION OF ALJ WETZELL** (Mailed 10/29/2001)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric Company (U 902-E) for an Order Implementing Assembly Bill 265.

Application 00-10-045  
(Filed October 24, 2000)

Application of San Diego Gas & Electric Company (U 902-E) for Authority to Implement an Electric Rate Surcharge to Manage the Balance in the Energy Rate Ceiling Revenue Shortfall Account.

Application 01-01-044  
(Filed January 24, 2001)

**OPINION ADOPTING MODIFICATIONS  
TO SCHEDULES DR-TOU and DR-TOU-2**

**Summary**

By petition for modification of Decision (D.) 01-09-059 filed on October 11, 2001, San Diego Gas & Electric Company (SDG&E) proposes minor modifications to the commodity rates of Schedules DR-TOU and DR-TOU-2. SDG&E's unopposed petition is granted.<sup>1</sup>

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<sup>1</sup> By ruling issued on October 15, 2001, the Administrative Law Judge granted SDG&E's motion to shorten time for responses to the petition for modification. Responses were due on October 18, 2001. No responses were filed.

**Discussion**

In D. 01-09-059, we determined that the commodity rates for SDG&E's residential time-of-use (TOU) rate schedules, Schedules DR-TOU and DR-TOU-2, should be the same as those for residential non-TOU rate schedules:

“To implement the 130% of baseline exemption requirement for residential TOU rate schedules, SDG&E recommends that the Commission tier commodity rates only using the same tiered rates applied for the non-TOU residential rate schedules, while leaving the TOU ‘signals’ embedded in the transmission and distribution portion of these residential rates (i.e., DR-TOU). This approach is essentially consistent with the residential TOU rate design adopted for [Pacific Gas and Electric Company’s] residential TOU rate schedules (Schedules E-7 and E-8) in D.01-05-064 (Appendix B, pp. 1-2). If the commodity rates are not tiered consistent with the non-TOU residential rate schedules, customers will have an incentive to switch rate schedules simply to avoid an increase, rather than because the schedule is more suitable to their needs. We agree with SDG&E that such perverse incentives must be avoided, and therefore approve this request.” (Section 6.3 of D.01-09-059.)

Notwithstanding this intent, the rate template used to develop commodity rates in this proceeding did not reflect seasonal commodity billing determinants for Schedules DR-TOU and DR-TOU-2, and the Commission could not use the residential non-TOU seasonal commodity rates for those schedules. Instead, D.01-09-059 applied the summer residential non-TOU commodity rates for both summer and winter periods of Schedules DR-TOU and DR-TOU-2. The Commission stated that it might revisit this issue in a Rate Design Window or other appropriate proceeding.

SDG&E states that although the record in this proceeding does not show the seasonal commodity billing determinants for Schedules DR-TOU and DR-TOU-2, information needed to make the calculation is in the record. SDG&E proposes to calculate the seasonal billing determinants for Schedules DR-TOU

and DR-TOU-2 using the same seasonal tiered billing determinant factors used to develop the seasonal billing determinants (usage breakdowns by tier levels) for residential non-TOU rates.

SDG&E proposes making changes to the DR-TOU and DR-TOU-2 commodity rates as soon as possible because the start of the residential winter season is November 1, and so that customers taking service under DR-TOU and DR-TOU-2 are billed the correct seasonal commodity rates and to mitigate any customer confusion. The current and proposed rates are shown below:

**Schedules DR-TOU and DR-TOU-2  
Winter Commodity Rates**

<b>Usage Level</b>	<b>Filed Rate (cents/kWh)</b>	<b>Proposed Rate (cents/kWh)</b>
Up to 130% of Baseline	6.500	<b>6.500</b>
131% - 200% of Baseline	7.425	<b>7.378</b>
201% - 300% of Baseline	8.332	<b>8.260</b>
Above 301% of Baseline	9.915	<b>10.068</b>

SDG&E states that the proposed changes to the Schedule DR-TOU and Schedule DR-TOU-2 commodity rates will not impact the rates of any other rate schedule. SDG&E notes that while the rate changes proposed are very small, they are needed to correctly bill the commodity rates that were designed to collect the DWR revenue requirement.

SDG&E's petition includes proposed changes to Schedule EECC (Electric Energy Commodity Cost) to reflect the proposed DR-TOU and DR-TOU-2 commodity rates. In addition, the proposed EECC tariff reflects minor clean-up changes to make it less confusing to customers.

We concur that the commodity rates for residential Schedules DR-TOU and DR-TOU-2 should be changed to reflect the rates we intended to adopt if the

DR-TOU and DR-TOU-2 billing determinants in the rate template had been displayed as seasonal billing determinants. We further agree with SDG&E that the effective date of this change be as soon as possible to avoid incorrect billing of DR-TOU and DR-TOU-2 customers. SDG&E's petition is therefore granted as set forth in the following order.

**Draft Decision**

Rule 77.7(f)(2) of the Rules of Practice and Procedure provides that the Commission may reduce or waive the 30-day period for public review and comment on a draft decision in an uncontested matter where the decision grants the relief requested. There are no objections or protests to SDG&E's petition. Accordingly, we reduce the 30-day period for review of and comment on the draft decision.

**Findings of Fact**

1. The proposed changes to the Schedule DR-TOU and Schedule DR-TOU-2 commodity rates will not impact the rates of any other rate schedule.
2. While the proposed rate changes are small, they are needed to correctly bill the commodity rates that were designed to collect the DWR revenue requirement.
3. The seasonal commodity billing determinants for Schedules DR-TOU and DR-TOU-2 can be calculated by using the same seasonal tiered billing determinant factors used to develop the seasonal billing determinants for residential non-TOU rates.
4. This is an uncontested matter in which the decision grants the relief requested.

**Conclusions of Law**

1. SDG&E's petition to modify D.01-09-059 to make corrections to Schedules DR-TOU and DR-TOU-2 should be granted.

2. The proposed rate changes should be made effective as soon as possible to avoid incorrect billing of DR-TOU and DR-TOU-2 customers.
3. This order should be effective today.

**O R D E R**

**IT IS ORDERED** that San Diego Gas & Electric Company's (SDG&E) petition for modification of Decision 01-09-059 is granted. Within seven days of the date of this decision, SDG&E shall file an advice letter to implement the proposed changes to Schedules DR-TOU and DR-TOU-2, as shown in Attachment C of SDG&E's petition. The advice letter shall become effective upon filing, subject to the Energy Division's determination that the advice letter is in compliance with this decision.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.